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## Philippines

### EXPORTER GUIDE ANNUAL

## 2009

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**Report Highlights:**

The Philippines is a robust, dynamic, and growing market for imported foods, beverages and other agricultural products. Overall, the U.S. exported a record \$1.7 billion worth of agricultural, fish and forestry products to the Philippines in 2008, making it the 13th largest destination for U.S. agricultural and food exports. This represents increases of 53 percent over 2007 and 91 percent in contrast to 2006.

The Philippines is also the 13<sup>th</sup> largest market for U.S. exports of high value consumer-oriented food and beverage products. In 2008, U.S. exports of consumer-oriented products to the Philippines were valued at \$518.8 million, representing a 36 percent growth compared to 2007. Although the U.S. is the top supplier of high value consumer-oriented food products, competition has greatly intensified and has created new challenges for U.S. exporters. In light of these challenges, good sale opportunities still exist due to Philippine consumer familiarity with American brands, steady growth in large-scale modern supermarkets, and an expanding economy. U.S. exports of consumer-

oriented products remain comparatively strong and are the best prospects for future growth. Other major exports include breakfast items, meat & poultry, dried fruits & nuts, wine, pet food, fruit & vegetable juices, and fresh produce.

The overall top U.S. agricultural and food exports to the Philippines in 2008 were wheat, soybean & soybean meal, milk powder and whey, feeds, snack foods, processed fruits & vegetables, and red meats.

**Post:**  
Manila

**Commodities:**  
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**Author Defined:**

## **SECTION I. MARKET OVERVIEW**

### **Macroeconomic and Political Situation:**

**Economic:** Economic growth in the Philippines has averaged about five percent since President Gloria Macapagal-Arroyo took office in 2001. President Arroyo's administration averted a fiscal crisis by pushing for new revenue measures and, until recently, tightening expenditures. Declining fiscal deficits, tapering debt and debt service ratios, as well as recent efforts to increase spending on infrastructure and social services have heightened optimism over Philippine economic prospects until the onset of the global economic crisis in 2008.

Although slower than the 7.3 percent expansion in 2007, Philippine GDP growth last year still managed to expand by 4.6 percent, despite the food and fuel crisis and the start of the global recession in 2008. Official Philippine GDP growth in 2009 is still forecasted between 3.7- 4.4 percent, slightly lower than the 3.7-4.7 percent previous targeted range. Growth in the services and industrial sectors in 2008, which account for more than three-fourths of the local economy, declined to 4.9 and 5.0 percent from 8.1 and 7.1 percent, respectively, from the previous year. Total exports for 2008 were also down 2.9 percent for a reversal from the 6.0 percent increase in the previous year. The Philippine Peso has been fairly stable relative to the US dollar. The average Peso/US Dollar exchange rate last year was at P44.47/\$. It was P46.15/\$ in 2007 and P51.31/\$ in 2006.

Remittances from Overseas Filipino Workers (OFWs) continue to be the bright spot with OFW receipts reaching \$16.4 billion in 2008, 13.7 percent higher than the 2007 level. OFW remittances help prop up household spending, which expanded 4.5 percent during the period. Despite the global

recession, the Philippine Central Bank does not expect any contraction in OFW remittances in 2009. Remittances from OFWs are likely to continue to play a key role in the performance of Philippine GDP at least in the next three to five years.

**Political:** The bilateral relationship between the United States and the Government of the Philippines (GRP) is unique in the intimacy of its history and the depth of its human ties. The two countries share a profound commitment to democracy, broad economic ties, and a treaty defense alliance. Around four million Filipino-Americans constitute a major immigrant group in the United States, while 250,000 U.S. citizens reside in the Philippines. Reflecting this important relationship, the U.S. Embassy-Manila is one of the largest overseas Post in the world.

President Gloria Macapagal-Arroyo, has been in power since January 2001 when a civilian uprising removed President Estrada from office on charges of corruption. Her election to a new six-year term in 2004 brought some stability to the financial markets, an appreciation in the Philippine Peso, and renewed though cautious interest in increased foreign investments. Significant political challenges remain, however, including persistently high levels of corruption; lack of progress on key economic and fiscal legislation; need for judicial reforms; rising energy prices; rapid population growth; and ongoing insurgencies by Islamic groups in the southern islands of Mindanao. The region has suffered from more than three (3) decades of conflict between the GRP and the main separatist groups, the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF).

Philippine national and local government elections are scheduled on May 2010.

### **Trade and Investment:**

**General Trade:** Economic liberalization in the Philippines has pushed the country to extend its formal international economic links. The Philippines formally joined WTO in 1995, the year the country became a net food importer. It is a member of the G-33 and also belongs to the G-20 and the Cairns Group. As a party to the ASEAN Free Trade Agreement (AFTA), its exports to ASEAN benefit from the lower common effective tariff (CEPT) applicable to members' products. The Philippines has also entered into and/or is currently negotiating a series of regional or bilateral FTA's with neighboring countries to include China, Japan and Korea. It is an active member and participant in Codex, SPS Committee and the OIE. In general terms, the Philippines has been largely supportive of the U.S. positions, specifically in biotechnology-related trade issues.

For more information, see Gain Report RP9018 – ASEAN Free Trade Agreement Update. The report can be obtained from the FAS homepage: [www.fas.usda.gov](http://www.fas.usda.gov). Choose *Market* and *Trade*

*Data, Attaché Report Search*, then select *option 3* and key in the report number.

**Agriculture:** Agriculture plays a significant role in the Philippine economy. Roughly 70 percent of the country's population is in the rural areas and agriculture contributes about 18 percent to the country's GDP. Two-thirds of the country's population depends on farming for its livelihood, and about 35 percent of the labor force is engaged in agricultural activities. An archipelago consisting of more than 7,000 islands, the Philippines has an aggregate land area of 30 million hectares (74 million acres), about a third of which are classified as agricultural lands. Philippine soil is generally fertile and volcanic in origin. The local terrain is predominantly rugged and mountainous with limited natural water bodies and irrigation systems. The country has two seasons; wet and dry, and is visited by an average of 20 typhoons annually. As such, overall performance of the sector remains largely a function of weather conditions.

**Agricultural Trade:** In 2008, U.S. total agricultural exports to the Philippines reached a record high of \$1.7 billion representing an increase of 53 percent vs. 2007, and 91 percent vs. 2006. It is the 13<sup>th</sup> largest market for U.S. exports of consumer-oriented agricultural products, with sales of \$518.8 million representing a 36 percent growth over 2007. According to BICO data, the top U.S. exports last year were wheat, soybean meal, dairy products, red meats, rice, processed fruits and vegetables, feeds and fodder, other intermediate and consumer oriented products, and snack foods (see table below). Total U.S. agricultural, fish and forestry exports rose 53 percent in 2008 compared to the 2007 level due to rising commodity prices, the strong Philippine peso and sustained efforts of public and private stakeholders to expand U.S. agricultural sales.

Top Ten RP Imports of U.S. Agricultural, Fish & Forestry Products (in 1,000 US\$)			
Products	2007 Imports	2008 Imports	%
	From the U.S. (Value)	From the U.S. (Value)	Change
Wheat	351,797	702,933	99.81
Soybean meal	189,872	243,918	28.46
Dairy products	151,984	210,226	38.32
Red meats	21,528	64,840	201.19
Rice	15,220	64,696	325.07
Processed fruit & vegetables	51,621	54,876	6.31
Feeds & fodder (excl pet foods)	41,715	53,026	27.11
Other Intermediate products	55,169	52,435	-4.96
Snack foods (excl nuts)	41,306	50,464	22.17
Other consumer oriented products	28,964	41,745	44.13

On the other hand, the United States remains as the number one market for Filipino agricultural,

fish and forestry exports, with record sales reaching \$1.21 billion in 2008 representing a 22 percent increase from the previous year's level. Major agricultural products exported were coconut oil (\$470 million), fish and seafood products (\$266 million), tropical fruits and vegetables (\$158 million) and sugar (\$64 million). The country is the world's largest coconut oil exporter and the U.S. is its largest buyer. It also enjoys a sugar quota with the United States. From 2003-2005, the Philippines enjoyed an agricultural trade surplus but experienced a modest deficit in the last three years.

For more information, see Gain Report RP9004 – Country Strategy Statement, Agricultural Economy and Policy Report, and Gain Report RP9007 – Agricultural Situation, 2008 RP-US Agricultural Trade. The reports can be obtained from the FAS homepage: [www.fas.usda.gov](http://www.fas.usda.gov). Choose *Market* and *Trade Data*, *Attaché Report Search*, then select *option 3* and key in the report number.

**Regulatory System:** The Bureau of Animal Industry (BAI) is charged with regulating the flow of domestic and imported animals and animal products in the country; the National Meat Inspection Service (NMIS) ensures that imported or exportable meat and meat products are produced under acceptable conditions and systems; the Bureau of Plant Industry (BPI) has the task of inspection and certification of imported and exportable plant products such as fruits and vegetables; the Bureau of Fisheries & Aquatic Resources (BFAR) is responsible for controlling fish and other marine products, including, the issuance of import permits for fish and fishery products. The Bureau of Food and Drug (BFAD) regulates imported processed food products. All of these bureaus are under the jurisdiction of Department of Agriculture (DA) except BFAD, which is under the Department of Health.

**Tariff Duties:** Executive Order 574 was signed in 2006 to modify import duties on various products under Section 104 of the amended Tariff and Customs Code of 1978. Under the Tariff and Customs Code of the Philippines, tariff duties are imposed on goods based on the MFN (Most Favored Nation) and CEPT (Common Effective Preferential Tariff) rates set under the World Trade Organization (WTO) and Asean agreements, respectively.

A copy of Executive Order 574 and its annex can be viewed at:

[http://www.tariffcommission.gov.ph/eo\\_574.htm](http://www.tariffcommission.gov.ph/eo_574.htm)

[http://www.tariffcommission.gov.ph/EO\\_574\\_annexes.htm](http://www.tariffcommission.gov.ph/EO_574_annexes.htm)

### **Environment for U.S. Agricultural Imports and Competitive Analysis:**

The Philippines is a robust, dynamic, and growing market for imported foods and beverages with total imports of consumer-oriented high-value products exceeding \$1 billion annually. There is a strong interest in American culture and trends due largely to the long history of close bilateral relations, bolstered by a large Filipino-American community that maintains ties to the Philippines. This translates into a natural preference for U.S. food products, which are regarded for their high quality and product consistency. However, Filipinos are very price sensitive and want value for money, meaning U.S. products must remain relatively price competitive.

While American products were once the predominant import on supermarket shelves, food processing facilities, and restaurant menus, competition in the market has greatly intensified over time. Key competitors include Australia, New Zealand, the EU, Canada, and the ASEAN countries. Special mention, however, must be made of the fact that China is aggressively gaining market share in the Philippine market. This is especially true in the fresh fruit and dry goods sector where Chinese products are gaining acceptance in the market due to lower prices and improved quality. China's ongoing policy of establishing Free Trade Agreements with ASEAN nations will further threaten fresh fruit and other U.S. food and agricultural exports to the Philippines.

### **Consumption Patterns, Distribution Issues and Consumer Trends:**

**Consumption Patterns:** Industry analysts expect demand for imported food products will continue to grow through the medium term. Factors often cited include the continued growth and efficiency gains in the retail food sector; popularity of fast food restaurants; a growing middle class; increased demand for convenience - especially among women; and the common perception that imported products equal high quality products – a by-product perhaps of the era when PX goods from U.S. military bases were commonly sold on the black-market. Consumption of imported food products peak during the Christmas season months of November and December, when sales can double or even triple.

**Distribution Issues:** Improvements in recent years in the retail sector are due mostly to the passage of the 2000 retail trade liberalization law. The legislation, which allows foreign retailers to operate independently in the Philippines, has fostered growth in large-scale supermarkets that offer a wider range of imported foods. Local supermarket chains have modernized, expanded and broadened their line of imported brands, some via direct importation. While expansion was initially focused in the Metro Manila area, all the major chains have expanded into the major provincial cities. The lack of an efficient distribution system to these cities, however, remains a significant constraint – especially for perishable items requiring modern cold chain operations.

**Consumer Trends:** Filipinos are known to eat about five times a day and have a propensity for snacking between meals. As a result, the between-meal snacks represent a significant market for U.S. products – including processed snack foods for supermarkets and convenience stores, as well as raw ingredients for bakeries and the local food-processing sector. While snacking will remain an indelible part of both the Filipino diet and culture, there is a growing trend towards healthier eating. This health-conscious trend has led to expanded opportunities for U.S. fruits and vegetables in addition to raw ingredients for the local snack food processing sector such as processed dairy products, processed soy products, and dried fruits & nuts.

**Other Export Highlights:**

- In November 2007, the Philippine Department of Agriculture lifted all import restrictions on beef and beef products from the United States making the Philippines the first market in Asia to allow complete market access for U.S. beef and beef products of all ages. U.S. beef exports to the Philippines reached almost \$6.0 million in 2006 under partial market access and \$10.3 million in 2007. In 2008, U.S. beef exports reached a record high of \$17.7 million representing a 71 percent increase over the previous year.
- There is small but growing demand by the hotel and restaurant sector, particularly in key cities in the Philippines, for U.S. bone-in beef products such as prime rib and short ribs as well as a variety of other U.S. beef products. U.S. Meat Export Federation has stepped up its marketing efforts in this market. The growing middle and upper middle class estimated at about 8-10 million, increasing overseas remittances from Filipino workers which contributes roughly 20 percent to Philippine GDP, and the expanding local tourism industry are expected to drive the demand for U.S. beef.
- The emerging Philippine wine market continues to expand, with sales estimated at more than 7.3 million liters in 2002 (valued at almost \$9.9 million), to 14 million liters in 2008 with a value of \$15.6 million. The U.S. remains as the top exporter of wines with sales reaching a record high of \$7.7 million in 2008.
- The Philippines is the largest market for pet food in Southeast Asia valued at \$13.4 million in 2008 with a year-to-year growth rate of 25%.

<b>Advantages</b>	<b>Challenges</b>
Filipinos have high regard for imported products, especially American	U.S. products are priced higher compared to local products and other imported products
Familiarity with major American brands	Consumers are highly price sensitive
Traditional close ties between the Philippines and the U.S.	Preferential tariff rates (35 percent discount on MFN rates) on products from ASEAN countries
Proliferation of malls and accompanying rapid expansion in the retail and fast-food sectors	Establishment of Asian manufacturing facilities for American brands to supply the region
Retail trade liberalization led to more efficient, modern and large-scale supermarket chains	Market penetration for imported products is concentrated in Metro Manila and major metropolitan cities
Philippine food standards follow US Food and Drug Administration regulations	Package sizes tend to be smaller for affordability
No need for special product labeling; English labels accepted	Packaging should be able to withstand extreme heat and humidity
Philippines has a large base of well-qualified and experienced importers familiar with U.S. food products	Most importers lack a nation-wide distribution network with qualified technical staff that are able to act as sales consultants to market the products
Reduced import duties and targeted uniform tariff rate	Insufficient cold chain system
Rapidly growing population versus limited agricultural resources	Underdeveloped infrastructure, i.e., storage, roads and shipping facilities
Growing trend towards health and nutrition among the growing middle-class consumers	Food industry in Philippines generally risk averse when it comes to trying new product ideas
Fast growing emerging markets for wine, cheese, and pet food	Stiff competition in a price sensitive market
Well-educated work force throughout food industry	Trained work force highly transient with trained workers frequently moving on to different companies
The Philippines is strategically located to serve as a regional hub for food processing	Foreign investment often faces bureaucratic red-tape



and is emerging as the “new entry point to Asia”, especially as the regional free trade agreements take effect	
Expansion of modern supermarket chains into key provincial cities	High cost of inter-island shipping makes imported products more expensive in areas outside Manila.

## SECTION II. EXPORTER BUSINESS TIPS

- Filipino businessmen highly value interpersonal relations. Such relations lend ease in developing trust between potential business partners. US exporters should maintain a conscious sensitivity to the innate Filipino sense of reciprocity.
- US exporters should maintain close contact and make regular visits to the Philippines to stay abreast of developments and to affirm support to the Philippine agent/distributor and customers. Exporters should commit to provide marketing and promotional efforts, including advertisements.
- Food importation is generally done by traders. Some maintain buying offices on the US West coast. The services of a U.S. consolidator or wholesaler are commonly used because of the need for a wide variety and range of products. The Philippine importer then either distributes directly to retailers and food service entities or through local wholesalers.
- US exporters can work with one or several importers. Exclusive distributorship agreements are preferred by Philippine importers however there may be problems due to the prevalence of parallel importation by scrupulous importers that access products through the local US market.
- There are no non-tariff restrictions on imports of agricultural and food products, except on rice. Import permits are required for shipments of fresh fruits and vegetables, meat and poultry, including processed meat products.
- The Philippines unilaterally implemented a tariff reduction scheme. Tariff rates for most consumer-oriented products now range from 3-15 percent. Agricultural products considered "sensitive" and for which minimum access volumes (MAV) were set, however, have significantly higher tariff rates. These include poultry meat, pork, fresh potatoes and coffee. MAV allocations, which enjoy discounted tariffs, are awarded to Philippine companies on an annual basis. Please contact the Foreign Agricultural Service (FAS) in Manila for a complete list of these "sensitive products" and the corresponding tariff rates.

FAS Manila also maintains a list of Philippine companies who have MAV allocations.

- All food products must be registered with the Philippine Bureau of Food and Drug. Imported products may be registered only by a Filipino entity.
- US exporters are advised to require payment of goods via letter of credit especially for the initial transactions. Credit terms may be extended to the importer after a thorough background and credit investigation has been conducted and payment habits have been established.
- Philippine food regulations and standards generally follow the U.S. Food and Drug Administration. Products from the United States do not require special labeling and may be sold in the Philippines in the same commercial packaging.
- Products should be packed sufficiently to withstand extreme heat and humidity. Products for the Philippines should also preferably be in smaller consumer packs for affordability. Deficiencies in systematic and mechanical handling of products should also be taken into consideration. There are inefficiencies in the cold chain system, particularly beyond Metro Manila where in some cases these facilities range from insufficient to non-existent.
- Filipino consumers prefer "sweet" foods, even for processed meat products, sauces and juices. Exporters should be willing to reformulate their products to suit the local tastes. Filipino consumers have a preference for cheese and barbecue food flavors.

### **Philippine Import Requirements and Certifications for Food Products**

A detailed report that specifically addresses import regulations and standards is available, entitled: The Philippines: Food and Agricultural Import Regulations & Standards Country Report (FAIRS) and can be obtained from the FAS homepage [www.fas.usda.gov](http://www.fas.usda.gov). Choose *Market* and *Trade Data, Attaché Report Search*, then select *option 3* and key in the report number.

## **SECTION III. MARKET SECTOR STRUCTURE & TRENDS**

### **Retail Sector**

Philippine food retailing is rapidly modernizing and expanding. National and upscale supermarket chains are attracting customers by opening large and modern stores, which is increasingly displacing the traditional small-scale retail chains and corner “*sari-sari*” stores. While focused

primarily on urban markets in Metro Manila and Cebu, in recent years the national chains have expanded into smaller regional markets, including Bacolod, Iloilo, Cagayan de Oro, and Davao.

The growth in modernized retailing presents new opportunities for U.S. foods since the modern chains offer improved cold chain and distribution systems; market a wider variety of products; and tends to rely on imports. The customer base for the modern supermarkets is generally more upscale and demanding in terms of product quality and variety. Overall, this creates a positive environment for American foods and beverages. Imported products tend to be pricier than local products, but offer superior quality, variety, and reliability. Given the modern chain's improved infrastructure, growth prospects, and customer demographics, these outlets represent the overall best platform to promote American high- value foods and beverages in the Philippines.

The market is dominated by companies such as SM Supermarket, Robinson's Supermarket, Rustans/Shopwise Supercenters, Makro and PriceSmart. Modern convenience stores are on the rise, led by 7-11, Mini-Stop, Shell Select, and Caltex Star Mart. Range of imported products is only slightly better than sari-sari stores but there is good potential for growth, particularly in snacks, beverages, and microwaveable/ ready-to-eat meals.

Growth in this segment is also due to the bullish business call center market industry, which grew from 1,000 seats in 2000 to 40,000 seats in 2008. The Philippine Department of Trade and Industry (DTI) said it expects call center seats to double to 80,000 next year, as a result of the government's efforts to transform the Philippines into a global "e-Services" hub. Asia Pacific is one of the fastest growing regions that offers contact center services. The Philippines accounts for almost 10% of Asia Pacific's call center seats and is estimated to have a capacity of nearly 130,000 seats. The increasing employment has attracted 24-hour retail operators/ convenience stores to cater to the needs of employees on night-shift.

### **Food Service Sector:**

The Philippine foodservice market continues to expand in response to growing demand for convenience. Fast-food restaurants account for the great majority of the market. Upscale restaurants and cafes (known locally as the 'casual dining' market) in Metro Manila present a wide range of sales opportunities for U.S. foods and beverages. Restaurants located in five-star hotels and upscale malls are important outlets along with popular western-style chains. All use imported ingredients, including meats, wine, seafood, dairy products, sauces, and fresh produce. While restaurant managers will be price-sensitive when considering new ingredients, this is balanced with a need to present new menu items to attract the notoriously fickle upscale Filipino consumer.

- The Philippines has a young population, ages 1-29 comprise about 64 percent of the total population, which heavily favors dining in fast food and casual/family restaurants.
- Purchases of food away from the home continue to grow steadily. Eating out accounts for about 12 percent of the food budget, up from less than nine percent in the mid-1990s. Higher consumer standards and concern for food safety are driving Filipinos toward dining in restaurants and away from traditional food hawkers.
- Popular chains led by Jollibee, McDonalds, ChowKing, KFC and Pizza Hut offer attractive menus and fiercely competitive prices, with full meals available for as little as \$2.00. U.S. products found in these outlets include french fries, processed poultry products, sauces, and cheese toppings.
- Foodservice sales are currently valued at approximately \$3 billion, increasing by an estimated 15-20 percent per year in the past decade.
- American franchises, which normally require standard or US-approved food ingredients, have encouraged increased imports of food service products both in terms of volume and variety. Frozen French fries are the single most important product for this sector from the United States. There is a growing demand for frozen poultry products, sauces & condiments, and fresh & processed fruits/vegetables.
- The number of full service restaurants is also growing. Nearly all the growth in recent years is in fashionable shopping/dining areas in Metro Manila. With their focus on quality, these restaurants bring in significant amounts of a wide variety of imports—specifically meats, wine, and condiments. Full service restaurants are a good way to introduce high-quality ingredients to the Philippines. Competition in this segment is keen and restaurant operators are interested in new and exciting menu ideas to attract customers.

### **Food Processing Sector:**

Food manufacturing, including food and beverage processing remains the Philippines' most dominant primary industry accounting for more than 40 percent of total output in manufacturing. The industry contributes approximately 20 percent of GDP per annum. In an effort to improve the efficiency of the sector, food processing has been identified by the Philippine government as a priority sector for attracting foreign investment under special economic zones.

The industry represents a gross added value of more than \$2.0 billion and grew by 9.1 percent in

2008. The Philippine Bureau of Food and Drugs' Statistical Report of Establishments for 2004 lists a total number of 11,601 food processing establishments nationwide. Most of the companies are owned by a single proprietor that is common among micro, cottage and small industries. There are a few large multi-product firms, some of which operate in partnership or as a subsidiary of foreign or multinational companies. Unlike some other countries in the regions where multinationals dominate food sales, local companies such as San Miguel, RFM Corporation, Universal Robina Corporation and a few others dominate some sectors of the market or compete equally with foreign players.

The food processing industry is comprised of the following major sectors: fruits and vegetables; fish and marine products; meat and poultry products; flour and bakery products; beverage and confectionery; dairy foods; food condiments and seasonings; food supplements; bottled water; snack foods, and fats and oils.

For more information, see Gain Report RP8041 – Food Processing Ingredients Sector. The report can be obtained from the FAS homepage: [www.fas.usda.gov](http://www.fas.usda.gov). Choose *Market and Trade Data, Attaché Report Search*, then select *option 3* and key in the report number.

### **Philippines as the New Gateway to East Asia for US Agri-businesses**

The Philippines is strategically located as a gateway into the East and South East Asian markets. The nation's capital, Manila is located within either a six-day trip by sea or a four-hour trip by air to any major city within the region. The close proximity is ideal for trade especially for highly perishable processed foods products. In addition, the import-oriented nature of the economy means that international freight lines are readily available for exports throughout the region.

The Philippines is fast becoming a regional staging area for foreign food manufacturers that seek to penetrate the lucrative East and South East Asian market for processed products. This country has been identified for the ability of its workforce to manufacture high quality, differentiated or niche-market, and high valued products using both domestic and duty-free imported raw materials. Raw materials that may be sourced from the United States include poultry cuts including chicken feet; mechanically de-boned poultry meat (MDM) or beef offals for sausage manufacturing; fresh apples, oranges, stone fruit and grapes for mixed fruit cups; condensed fruit juices for beverages; dried fruits & nuts for healthy trail mixes; fresh California vegetables for veggie packs; wine must for locally-produced wines; specialty flours or powders (soy, pea, and potato flour or milk/whey powder) for enriched baked goods and instant noodles; dried peas and/or fresh chipping potatoes for snack foods; and tomato paste & sauces for canned or bottled products; and, fish, salmon heads and bellies.

For more information, see the Executive Summary of “**U.S. Agricultural Trade and Investment in the Food Processing Sector within the Philippine Special Economic Zones**”, an assessment study undertaken by the University of Asia and the Pacific, Center for Food and Agribusinesses for the U.S. Department of Agriculture, Foreign Agricultural Service in Manila in 2006. An on-line version is available at: <http://www.usdaphilippines.org/admin/downloads/sample.pdf>

#### **SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS**

Tree fruits	Juices
Pet Food	Natural and Health Foods
Fresh Produce	Seafood
Beef & Pork Products	Wine
Poultry Products	Cheese
Tree nuts	Dried Fruits and Nuts
Food Ingredients	Food Processing Ingredients

#### **SECTION V. KEY CONTACTS AND FURTHER INFORMATION**

Please contact the following for any questions and for further information:

Foreign Agricultural Service  
U.S. Department of Agriculture  
Embassy of the United States of America  
25/F Ayala Life-FGU Building  
6811 Ayala Avenue  
Makati City 1203  
Tel: (632) 894-5363 or 894-5379  
Fax: (632) 812-5430  
Email: [agmanila@usda.gov](mailto:agmanila@usda.gov)  
FAS Home Page: [www.manila.usda.gov](http://www.manila.usda.gov)

#### **Active U.S. Cooperators in the Philippine Market**

Synergy Asia Marketing Services, Inc.  
(Philippine Representative of the **California Table Grape Commission and the United States Potato Board**)

Unit 602-C, Summit Office Tower  
530 Shaw Boulevard  
Mandaluyong City 1501  
Metro Manila  
Tel: (632) 534-8534; 534-8223  
Fax: (632) 534-8234  
Contact: Evelyn Mercurio  
Email: synergyasia@pacific.net.ph

Lieu Marketing Associates Pte Ltd  
(ASEAN Representative of the **Raisin Administrative Committee**)  
48 Toh Guan Road East  
#02-129 Enterprise Hub  
Singapore 608586  
Tel: (65) 6515 6113  
Fax: (65) 6278 4372  
Contact: Richard Lieu  
Email: richelieu@lieumktg.com.sg

Pacrim Associates Ltd.  
(ASEAN Representative of the **US Dairy Export Council**)  
The Regent Hotel  
155 Rajadamri Road  
Bangkok 10330, Thailand  
Tel: (662) 251-6127  
Fax: (662) 254-6913  
Contact: Mr. Dan Fitzgerald, ASEAN Representative  
E-mail: usdec@pacrimassociates.com

**USA Poultry and Egg Export Council**

#15-04 Liat Towers, 541 Orchard Road  
Singapore 238881  
Tel: (65) 6737-1726  
Fax: (65) 6737-1727  
Contact: Ms. Margaret Say, ASEAN Representative  
Email: [usapec\\_sing@pacific.net.sg](mailto:usapec_sing@pacific.net.sg) / [msay@usapec.org.sg](mailto:msay@usapec.org.sg)  
Website: <http://www.usapeec.org>

**US Meat Export Federation**

39 Tyrwhitt Road

3rd Floor Suite

207538, Singapore

Tel: 65-67334255

Fax: 65-6732-1977

Contact: Ms. Sabrina Yin, ASEAN Representative

Email: [singapore@usmef.com.sg](mailto:singapore@usmef.com.sg)

Website: <http://www.usmef.org>

AgriSource Co., Ltd.

(ASEAN Representative of the **USA Dry Pea & Lentil Council** and the **US Dry Bean Council**)

Ambassador's Court, 4th Floor, No. 416

76/1 Soi Lang Suan, Ploenchit Road

Bangkok 10330, Thailand

Tel: 66-2-251-8655/6, 011-66-2-251-8669 & 8772

Fax: 66-2-251-0390

Contact: Mr. Tim Welsh, ASEAN Representative

Email: [agsource@loxinfo.co.th](mailto:agsource@loxinfo.co.th)

**US Wheat Associates**

28/F Ayala-FGU Center

6811 Ayala Avenue

Makati City, Metro Manila 1203

Philippines

Tel: 632-818-4610 ,

Fax: 632-815-4026

Contact: Mr. Mike Spier, Country Director

Email: [mspier@uswheat.org](mailto:mspier@uswheat.org) / [InfoManila@uswheat.org](mailto:InfoManila@uswheat.org)

Website: <http://www.uswheat.org>

**American Soybean Association**

Unit 1408 B Robinsons-Equitable Tower

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## APPENDIX I. STATISTICS

### A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports From All Countries (\$mil)/U.S. Market Share (%) <sup>1/</sup>	\$6,247 / 19.6%
Consumer Food Imports From All Countries (\$mil)/U.S. Market Share (%) <sup>1/</sup>	\$1,957 / 16.2%
Edible Fishery Imports From All Countries (\$Mil)/U.S. Market Share (%) <sup>1/</sup>	\$65 / 8%
Total Population (Millions)/Annual Growth Rate (%) <sup>2/</sup>	97.9/ 1.9%
Urban Population (Millions)/Annual Growth Rate (%)	63.6/ 3.0%
Number of Major Metropolitan Areas <sup>3/</sup>	16
Size of the Middle Class (Millions)/Percentage of Total Population <sup>4/</sup>	8.62/ 11.25%
Per Capita Gross Domestic Product (U.S. Dollars)	\$3,300
Unemployment Rate (%) <sup>5/</sup>	7.4%
Per Capita Food Expenditures (U.S. Dollars)	\$1,623
Percent of Female Population Employed <sup>6/</sup>	64.1%
Exchange Rate (US\$ = local currency)	US\$1=PhP47.80

#### Footnotes

1/ *Global Trade Atlas for January to December 2008.*

2/ *May 2009 estimates*

3/ *Population in excess of 1,000,000*

4/ *Middle class includes those earning above the poverty threshold of Pesos 12,000 (\$300) but does not include 5 percent of the population, which are considered upper income class.*

5/ *April 2009 estimates*

6/ *Percent against total number of women (15 years old or above)*

### TABLE B. Consumer Food & Edible Fishery Product Imports

Value	Quantity	Unit Price	Qty & Val
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**Philippines Import Statistics**  
**UDG: Consumer Oriented Agric. Total, Group 32 (2007)**  
**Year To Date: January - December**

Year To Date: Dec 2008 UDG/HS: Consumer Oriented Agric. Total

Rank	Partner Country	United States Dollars			% Share			% Change 2008/2007
		2006	2007	2008	2006	2007	2008	
	World	1,270,298,074	1,619,358,820	1,957,411,192	100.00	100.00	100.00	20.88
1	New Zealand	221,040,655	306,069,636	352,029,193	17.40	18.90	17.98	15.02
2	United States	177,092,138	249,377,117	317,129,306	13.94	15.40	16.20	27.17
3	Thailand	112,682,548	134,438,809	172,327,923	8.87	8.30	8.80	28.18
4	Australia	119,026,444	119,187,035	147,357,515	9.37	7.36	7.53	23.64
5	India	80,645,749	92,172,995	146,995,720	6.35	5.69	7.51	59.48
6	China	90,412,646	107,148,467	137,707,668	7.12	6.62	7.04	28.52
7	Ireland	48,063,081	94,814,236	117,364,219	3.78	5.86	6.00	23.78
8	Malaysia	41,247,588	51,560,666	68,447,781	3.25	3.18	3.50	32.75
9	Netherlands	34,440,957	56,404,664	58,025,146	2.71	3.48	2.96	2.87
10	Singapore	65,516,022	44,080,197	49,812,612	5.16	2.72	2.54	13.00
11	Indonesia	48,789,814	59,187,541	49,640,508	3.84	3.65	2.54	-16.13
12	Canada	18,745,867	26,308,982	42,037,104	1.48	1.62	2.15	59.78
13	Germany	21,354,598	30,869,951	37,386,624	1.68	1.91	1.91	21.11
14	France	28,606,215	29,428,320	35,388,589	2.25	1.82	1.81	20.25
15	Brazil	40,655,302	53,467,485	35,309,303	3.20	3.30	1.80	-33.96
16	Uruguay	32,905,209	39,808,820	34,037,369	2.59	2.46	1.74	-14.50
17	Vietnam	4,364,999	10,218,730	31,952,124	0.34	0.63	1.63	212.68
18	Denmark	11,568,714	20,001,609	22,000,823	0.91	1.24	1.12	10.00

[http://www.worldtradestatistics.com/gta/secure/udgcty\\_wta.cfm](http://www.worldtradestatistics.com/gta/secure/udgcty_wta.cfm)

4/13/2009

**Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products**

Philippines Import Statistics									
UDG: Agricultural, Fish & Forestry, Group 1 (2007)									
Year To Date: January - December									
Year To Date: Dec 2008 UDG/HS: Agricultural, Fish & Forestry									
Rank	Partner Country	United States Dollars			% Share			% Change	
		2006	2007	2008	2006	2007	2008	2008/2007	
	World	3,665,147,496	4,256,929,025	6,247,437,487	100.00	100.00	100.00	46.76	
1	Vietnam	422,519,606	506,352,514	1,252,885,377	11.53	11.89	20.05	147.43	
2	United States	758,049,637	756,461,784	1,228,785,520	20.68	17.77	19.67	62.44	
3	Thailand	197,097,579	327,391,270	716,161,369	5.38	7.69	11.46	118.75	
4	New Zealand	230,405,829	315,515,477	363,371,195	6.29	7.41	5.82	15.17	
5	China	261,632,776	268,837,688	278,956,148	7.14	6.32	4.47	3.76	
6	Argentina	185,285,567	282,588,855	272,937,402	5.06	6.64	4.37	-3.42	
7	Malaysia	216,139,888	205,303,767	262,836,080	5.90	4.82	4.21	28.02	
8	Australia	199,000,077	185,580,308	255,763,180	5.43	4.36	4.09	37.82	
9	India	135,685,504	165,913,436	221,541,942	3.70	3.90	3.55	33.53	
10	Indonesia	117,987,995	169,085,690	148,781,020	3.22	3.97	2.38	-12.01	
11	Brazil	115,019,504	106,212,921	135,713,083	3.14	2.50	2.17	27.77	
12	Canada	91,208,367	153,094,283	127,944,076	2.49	3.60	2.05	-16.43	
13	Singapore	119,626,600	110,483,615	118,983,626	3.26	2.60	1.90	7.69	
14	Ireland	53,165,983	95,294,709	117,474,895	1.45	2.24	1.88	23.28	
15	Netherlands	57,219,581	80,106,354	85,089,339	1.56	1.88	1.36	6.22	